

BEFORE THE
DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS
OF THE STATE OF HAWAII

In the Matter of Time Warner Entertainment)
Company, L.P. (Hawaii Division))
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)
)
)
Updating of Equipment and)
Installation Rates)
)
(FCC Form 1205))
_____)

DECISION AND ORDER NO. 300
(Rate Order)

WHEREAS, the Cable Television Division, Department of Commerce and Consumer Affairs of the State of Hawaii (the "State") became certified to regulate basic cable service rates and associated charges as of May 12, 1994, and has followed regulations prescribed by the Federal Communications Commission (the "FCC"), 47 C.F.R. Part 76, Subpart N ("FCC Rules"), and the State's Department of Commerce and Consumer Affairs, sections 16-133-40 to 53 of the Hawaii Administrative Rules ("the Department Rules"), for the regulation of the basic service tier and associated equipment, installations, services and charges; and

WHEREAS, under that certain Social Contract between the FCC and Time Warner Cable¹, the initial review of equipment and installation charges of systems under Time Warner Cable on a division wide basis was placed with the FCC for annual rate or charge adjustments beginning 1996²; and

¹ Time Warner Cable Social Contract, adopted by the FCC on November 30, 1995 (FCC 95-478). Prior to the Social Contract, the State, as the certified local franchising authority, reviewed equipment and installation charges of Time Warner Cable Hawaii systems.

² For equipment and installation charges in effect as of January 1, 1999, the FCC determined the following maximum permitted rates: Unwired Homes \$53.61; Prewired Homes \$35.74; Additional Connection (initial) \$21.27; Additional connection (separate) \$35.74; Changing Tier \$2.00; Converter Exchanges/Upgrades \$15.32; Converter (nonaddressable) \$0.19; Converter (addressable) \$2.64; and Remote \$0.16. See Rate Order DA-1116 (FCC Cable Services Bureau rel. June 9, 1999) and Rate Order DA 99-1115 (FCC Cable Services Bureau rel. June 9, 1999).

WHEREAS, as of June 1999, Time Warner Cable opted out of certain rate regulation provisions under the Social Contract, and thus the State became again the authority to review equipment and installation rate or charge adjustments of Time Warner Cable systems in Hawaii; and

WHEREAS, in connection with justifying annual rate adjustments for regulated equipment and installations, the Time Warner Entertainment Company, L.P. dba Oceanic Cablevision Hawaii ("Company") submitted its FCC Form 1205 division-wide filing to the State on September 30, 2002 ("Rate Filing"), for the period January 1, 2003 through December 31, 2003;³ and

WHEREAS, the State retained a financial consultant to assist it in the streamlined rate review process; and

WHEREAS, the State prepared a proposed rate order, a copy of which was provided to the Company prior to the issuance of this Rate Order; and

WHEREAS, the Company has the burden of proving that its proposed adjustment is in conformance with the FCC Rules;⁴ and

WHEREAS, an operator may use the FCC Form 1205 to update its charges for equipment and installation services on an annual basis, and it is the official form used by regulators to determine whether an operator's regulated rates for equipment and installations are reasonable under FCC rules; and

WHEREAS, after review of the Company's Rate Filing there were no adjustments necessary to the Company's proposed maximum permitted rates:

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Company's proposed maximum permitted rates for regulated equipment and installations are approved. The Company's maximum permitted rates, exclusive of franchise and regulatory fees and taxes, for regulated equipment and installation as of January 1, 2003 and continuing up to the effective date of the Company's subsequent adjustment implemented in accordance with the FCC rules, shall be as follows:

³ This Rate Order covers regulated equipment and installation charges of Oceanic Cable, Hawaiian Cablevision (Lahaina), Hawaiian Cablevision (Maui), Hawaiian Cablevision (Molokai/Lanai), Sun Cablevision, Kamehameha Cablevision, Hawaiian Cablevision of Hilo, and Oceanic Time Warner Cable (Kauai), and addresses only those items listed in the Summary Schedule of the Rate Filing.

⁴ See 47 C.F.R. Section 76.937(a), and Section 16-133-46 of the Department's Rules.

<u>Installation</u>	<u>Maximum Permitted Rate</u>
Unwired Homes	\$45.86
Prewired Homes	31.81
Add. Conn. (initial)	19.89
Add. Conn. (separate)	31.74
Changing Tiers	2.00
<u>Equipment</u>	
Converter 1 (addressable)	7.34
Converter 2 (nonaddressable)	0.59
Remote	0.35

2. The Company may not make adjustments for overestimated or underestimated costs in the Rate Filing, nor may the company increase its rates, institute new charges for any other types of service, equipment or installation associated with the basic service tier, without first complying with all applicable laws or regulations, including but not limited to FCC rules, regulations, and orders.

3. The Company may charge rates less than the maximum permitted rate indicated herein, as long as such rates are applied in a uniform and nondiscriminatory way, pursuant to applicable federal, state, and local laws and regulations.

4. This Rate Order is not to be construed as a finding that the State has accepted as correct any specific entry, explanation or argument made by the Company not specifically addressed herein.

5. For the year 2004 annual rate adjustment and for every year thereafter, the Company shall not implement an actual charge that is greater than the Company's proposed Maximum Permitted Rate or the approved Maximum Permitted Rate for that particular year.

6. The State reserves the right to modify this Rate Order if, at any time, it determines that information the Company provided to the State is incorrect or misleading in any material manner, or that the Company is not in compliance with this Rate Order.

7. The State reserves all rights it has under FCC Rules including the right to review any pending rate filing submitted by the Company, and to establish reasonable rates for the basic service tier and associated equipment and installation charges, in the event the State determines that the proposed rates or charges are unreasonable under FCC Rules, including any modifications or amendments to such rules.

8. This Rate Order is issued and is effective as of the date hereof.

DATED: Honolulu, Hawaii, February 28, 2003.

Mark E. Recktenwald

MARK E. RECKTENWALD
Director of Commerce and Consumer Affairs
State of Hawaii

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing DECISION AND ORDER NO. 300 was served upon the following party at the address shown below by mailing the same, postage prepaid, on February 28, 2003.

MR. RUSSELL SAIKI
Time Warner Entertainment Company, L.P. dba
Oceanic Cablevision
200 Akamainui Street
Mililani, HI 96789-3999

Patti K. Kodama
Patti K. Kodama
Secretary